

A close-up photograph of a pair of hands gently cupping a small, vibrant green seedling with several leaves and a small amount of dark soil. The background is a soft, out-of-focus white surface.

The **Charity**
Commission
for Northern Ireland

**ANNUAL REPORT
AND ACCOUNTS**

2013–2014



**The Charity Commission for Northern Ireland
Annual Report and Accounts
For the year ended 31 March 2014**

The Accounting Officer authorised the financial statements for issue on
4 June 2014

*Laid before the Northern Ireland Assembly
under the Charities Act (NI) 2008
by the Department for Social Development*

on

18 June 2014

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The Charity Commission for Northern Ireland (CCNI) is the regulator of charities in Northern Ireland, a non-departmental public body sponsored by the Department for Social Development.

Our aims:

- develop a regulatory framework in which the public have confidence and in which charities can grow and flourish, clear in the knowledge of their rights and responsibilities;

And

- manage the establishment of the organisation to a statutory non-departmental public body following the full implementation of the Charities Act (Northern Ireland) 2008.

Further information on our activities is available from:

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This publication is also available at www.charitycommissionni.org.uk. Any enquiries regarding this document should be sent to the Commission at the contact details above.

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Directors' report

1. The report of the Chief Commissioner and Chief Executive

From opening the new *register of charities* to receiving the 250th concern about a charity and preparing to introduce an annual reporting programme, 2013-14 has been a year of progress for the Charity Commission for Northern Ireland.

A particular highlight has been the beginning of charity registration in December 2013, which also marked the opening of the public *register of charities*. Under charity law, it is compulsory for all charities in Northern Ireland to apply to register with the Commission. This is irrespective of their size, annual income or whether they are in receipt of charitable tax exemptions from HMRC.

Each charity successfully registered by the Commission will be listed on the *register of charities*, which is available to view on www.charitycommissionni.org.uk. Registration will therefore increase the transparency and accountability of each listed charity as well as reaffirming public trust and confidence in the sector as a whole.

Alongside registration, the Commission works to protect charities where there has been serious misconduct or mismanagement in the administration of a charity. Over the past year, we have continued to investigate the concerns we receive and take appropriate action to resolve issues. While in the majority of cases this has involved working with charities to improve their governance, we have remained firm in our approach to dealing with alleged cases and, where necessary, using our more stringent powers to put things right.

As the year end approached, we were also on target to embark on the next chapter in charity regulation – the interim reporting programme for registered charities. We undertook a public consultation in autumn 2013 on our draft interim reporting programme with the final guidance published on our website ready to meet the 1 April 2014 'go live' deadline.

The Charity Commission

for Northern Ireland



While this annual report highlights our progress over the past year, it gives only a flavour of the diverse and challenging role of the Commission. It is never an easy task to implement new regulatory processes, as well as inform and educate charities in how they can meet their new responsibilities. Our Commissioners and staff have worked hard to get the processes right and to engage with a range of stakeholders. As we look to the future, we would like to thank our staff, our Commissioners and our stakeholders for their commitment and hard work, and hope they will join us in celebrating the progress achieved to date.

Frances McCandless
Chief Executive
Charity Commission for
Northern Ireland

Tom McGrath CBE
Chief Commissioner
Charity Commission for
Northern Ireland

2. Introduction

The Charity Commission for Northern Ireland is the independent regulator of Northern Ireland charities, as created by the Charities Act (Northern Ireland) 2008 (the Charities Act). The Charities Act made provision for the establishment of an independent Commission. The Commission is a non-departmental public body (NDPB) and is sponsored by the Department for Social Development (DSD).

This annual report and statement of accounts encompasses two elements:

- documenting the work of the Commission in 2013-14 (pages 8-43)
- providing a financial statement for 2013-14 (pages 44-62).

The Charities Act (Northern Ireland) 2008 introduced a new regulatory framework for the charitable sector in Northern Ireland. The previous framework was "light touch" in nature, with only limited provisions for enforcement and no form of charity registration.

The main objective of the Charities Act was to introduce an integrated system of registration and regulation as well as support for and supervision of registered charities.

The Charity Commission for Northern Ireland works to provide and implement the structures and processes through which charities can demonstrate their contribution to society and the public can be assured that charitable resources are being properly applied.

Auditor

The Comptroller and Auditor General was appointed the Statutory Auditor under the Charities Act (Northern Ireland) 2008. He is the head of the Northern Ireland Audit Office and he and his staff are wholly independent of the Charity Commission for Northern Ireland. He reports his findings to the Northern Ireland Assembly. The Certificate of the Comptroller and Auditor General is set out at pages 44-45.

Disclosure of relevant audit information

There is no relevant audit information of which the auditors are unaware and the Accounting Officer has taken all the necessary steps to ensure that both she and the auditors are aware of all relevant audit information.

3. Objectives

The objectives of the Commission are set out in the Charities Act (Northern Ireland) 2008:

PUBLIC CONFIDENCE OBJECTIVE	To increase public trust and confidence in charities
PUBLIC BENEFIT OBJECTIVE	To promote awareness of the need to demonstrate public benefit
COMPLIANCE OBJECTIVE	To ensure proper management and administration of charities
CHARITABLE RESOURCES OBJECTIVE	To promote effective use of charitable resources
ACCOUNTABILITY OBJECTIVE	To enhance accountability to donors, beneficiaries and the public

To achieve these objectives, the Commission works with other regulators, including the Charity Commission for England and Wales (CCEW), the Office of the Scottish Charity Regulator (OSCR) and the Department of Justice and Equality in Ireland.

The working relationship between the Department for Social Development (DSD) and the Commission is similarly important and the full implementation of the Charities Act requires close co-operation between both parties. The Commission does, however, exist as an independent organisation, working to further our aims and objectives, as set out in the Charities Act.

4. Vision

**The
Commission's
vision is:**

“a dynamic and well governed charities sector in which the public has confidence, underpinned by the Commission’s effective delivery of its regulatory and advisory role.”

5. The Board of the Charity Commission for Northern Ireland



Chief Charity Commissioner
Tom McGrath

(appointed on 1 June 2009
for a five year term of office)



Charity Commissioner
Philip McDonagh

(reappointed for three years
from 1 June 2012)



Deputy Chief Commissioner
Walter Rader

(appointed on 7 May 2013
for a five year term of office)



Charity Commissioner
Brenda Maitland

(appointed for three years
from 7 May 2013)



Charity Commissioner
Norman Bennett

(appointed for three years
from 1 September 2012)



Charity Commissioner
Geraldine Donaghy

(appointed for three years
from 7 May 2013)



Legal Commissioner
Rosemary Connolly

(reappointed for three years
from 2 November 2012)

Changes to the Board

There were a number of changes to the Board during 2013-14. A Commissioner since June 2009, Walter Rader was appointed Deputy Chief Commissioner on 7 May 2013 for a five year term of office. The same date also saw two new Commissioners join the Board with Geraldine Donaghy and Brenda Maitland both appointed for three years, bringing the number of Commissioners back up to the full complement of seven.

The *Register of interests* for the Commission can be viewed at:

www.charitycommissionni.org.uk/About_us/Governance/Conflict_of_Interests_Register.aspx

Management commentary

6. The year at a glance

Six public benefit and registration guidance consultation events held during April and May 2013.

APRIL 2013



JUNE 2013

Chief Executive Frances McCandless announces the Commission's plans to launch a public consultation on interim reporting proposals for registered charities in autumn 2013.

The Charities (2008 Act) (Commencement No. 4) Order (Northern Ireland) 2013 comes into effect on 24 June 2013, meaning the Commission can begin compulsory registration of all charities later in the year.



MAY 2013



Two new Commissioners, Brenda Maitland and Geraldine Donaghy, join the Board of Commissioners.

Commissioner Walter Rader is appointed to the post of Deputy Chief Commissioner for a five year term.

JULY 2013

Key lessons in charity governance – new report marks 200th concern about a Northern Ireland charity.

CCNI makes, and publishes, the Charity (Failed Appeals and Disclaimers) Regulations (Northern Ireland) 2013.

AUG 2013

The Charities Act 2008 (Transitional Provision) Order (Northern Ireland) 2013 comes into effect on 19 August 2013, increasing the number of charities to which the Commission's powers apply.

A registration pilot begins. Twenty Northern Ireland organisations take part to test drive new online registration system and process.

The summer sees the Commission grant its first consents to local charities under new powers from the Charities Act (NI) 2008.



CCNI opens a consultation on 23 September 2013 on the interim reporting proposals for charities. The consultation runs for 12 weeks and includes a series of public events across Northern Ireland.

SEPT 2013

Running your charity and Registering as a charity in Northern Ireland guidance published during November 2013.

Charity Giving survey reveals Northern Ireland public are some of the most generous in the UK at Christmas time.

The *Public benefit requirement* statutory guidance and supporting documents published, ready for the beginning of charity registration in December 2013.

NOV 2013

After beginning registration in December, CCNI begins processing its first registration applications.

JAN 2014

CCNI announces it will work with the Electoral Commission and other charity regulators to produce new campaigning guidance for charities.

FEB 2014

OCT 2013

CCNI and Queen's University Management School host a 'Charity Accounting, Reporting and Regulation: Reflections and Imminent Changes' conference on 4 October 2013, providing an insight into the new draft SORP for charities and changes in charity accounting, reporting and regulation.



DEC 2013



Compulsory charity registration begins in Northern Ireland for the first time on 16 December 2013, a process which will impact on every charity operating in Northern Ireland.

The new online *register of charities* opens with the names of the first 14 charities registered in Northern Ireland.

The interim reporting requirements public consultation closes on 13 December 2013, with feedback received from over 300 people who attended consultation events along with responses from 47 individuals and organisations.

MAR 2014

CCNI urges all organisations which are, or could be, charitable, to check the deemed list of charities, available on the CCNI website, to ensure CCNI has their details to call them forward for registration.

CCNI makes the Charities (Annual Return) Regulations 2014, ready for the interim reporting programme to go live on 1 April 2014.

New *Interim arrangements and the annual return* guidance published, providing information on the annual reporting programme for charities registered with CCNI.

CCNI publishes new report providing anonymous case studies on concerns received about charities, *Latest lessons learned from concerns about charities*.

70,301

unique visits to our website

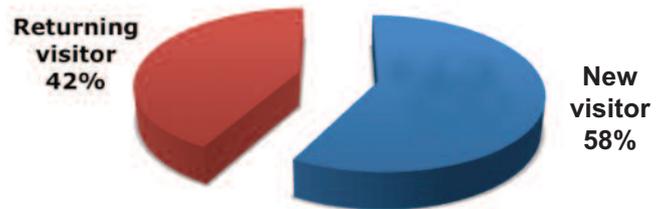
57.9%

of online sessions were by new visitors to our website, equating to 40,694 online sessions

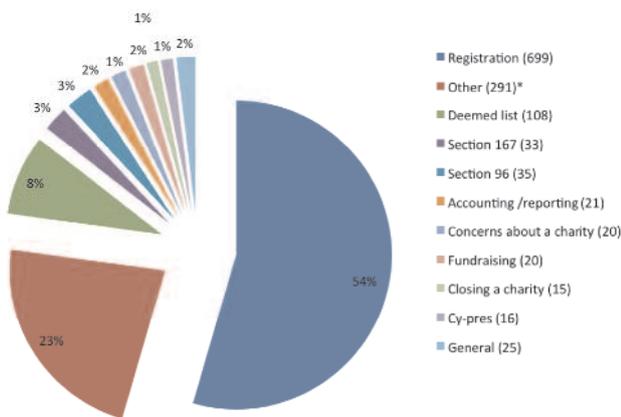
366,255

page views of our website

Percentage of new visitors to www.charitycommission.org.uk



Type of enquiry



*Other includes general queries, charitable incorporated organisations, community interest companies, updating details, trading, workshops and events, queries about charity shops and those regarding charity property

27,888

views of our online "deemed list"

90

engagement events with key stakeholders

19

meetings to engage with Assembly committees and political representatives

12

public consultation events across Northern Ireland

7

registration workshops held, with 160 attendees

1,283

individual enquiries answered. Average of 107 enquiries received per month

107

concerns about charities received

98

concerns concluded at year end

52

concerns still under investigation
at year end

83%

of concerns risk assessed
within 30 days

1,121

charitable organisations called
forward to apply to register

31

charities registered

27

pieces of external
guidance published

The Charity Commission Board holds the organisation to account through regular reporting on progress against the Annual Business Plan. For 2013-14 the following performance was reported against key indicators:

1. Website visits – Target 30,000
v Actual 70,301 visits
2. Attendee satisfaction with
public benefit information
– Target 75% v Actual 80%
3. Number of queries dealt with
– Target 600 v Actual 1,283
4. Number of concerns
received about charities –
Assumption 130 v Actual 107
5. Staff sick leave – Target
<3% v Actual 5.2%
6. Concerns risk assessed
within 30 days of receipt
of final information
– Target 80% v Actual 83%
7. Creditors' invoices paid
within 10 working days
– Target 90% v Actual 97%
8. Budget Spend Year End
– Target 1% v Actual 0.86%
under spend (0.5% revenue,
2.77% capital)
9. Overall 92% of business
plan actions completed
or in progress

7. Northern Ireland charities

While previously there was no definitive way of knowing exactly how many charities were operating in Northern Ireland, the beginning of registration means we are now en route to creating the first official directory of all charities in Northern Ireland.

Charity registration began on 16 December 2013 and the Commission has been working hard to engage and inform the charity sector. In the past year, we have held seven registration workshops, five helper group workshops and twelve public consultations, alongside meeting a wide range of stakeholders from across all sectors of Northern Ireland life. This has helped us to build a clear picture of the diverse and vibrant charity sector which is operating here in Northern Ireland.

Case study: Rainbow Health Ltd

Registered charity number: NIC100064

Website: www.rainbow-project.org

Rainbow Health Ltd (working name: The Rainbow Project) provides a range of services and programmes aimed at promoting the mental and physical health and wellbeing of lesbian, gay, bisexual and transgender people and their families across Northern Ireland.

This Northern Ireland-wide organisation was set up in 1995 by a group of volunteers who were concerned about the spread of HIV/AIDS in Northern Ireland. The first piece of work carried out by the organisation, in conjunction with the then Health Promotion Agency, involved researching and developing sexual health education and outreach services for gay and bi-sexual men, which was delivered



through commercial gay venues and events across Northern Ireland.

From that small but ambitious beginning, the charity became aware of the need to develop further services, aimed at promoting the physical health and mental and emotional well-being of their service users. Today Rainbow Health Ltd continues to provide sexual health education and advice but has also expanded to offer a range of other services, which are aimed at supporting the lesbian, gay, bisexual and/or transgender (LGBT) community.

They are the largest LGBT organisation in Northern Ireland with two centres, one in Belfast city centre and the other in Foyle, Derry/Londonderry.

Services provided by Rainbow Health Ltd, which are facilitated by 15 staff members under the direction of a volunteer-led Board of Trustees, include:

- information and support, including a Listening-Ear-Service offered via the telephone or face-to-face
- education and training, including specialised training and community education to help professionals offer a more responsive and inclusive service to members of the LGBT community
- health promotion, such as working with statutory agencies to make their services more responsive to the needs of LGBT people as well as the production and distribution of safer sex packs and materials
- counselling and therapeutic support services, with Rainbow Health Ltd offering Northern Ireland's only gay-male-specific counselling service.
- advocacy, providing information and support in dealing with, disclosing and reporting incidents of threats, violence, verbal abuse, intimidation, vandalism and damage, sexual assault and/or coercion

- research, with regular activities and programmes undertaken to examine the perceptions and experiences of LGBT people as well as highlighting issues that affect the LGBT community.

Rainbow Health Ltd was called forward for registration as part of the Commission's tranche one.

John O'Doherty, Rainbow Project Director, said the organisation was initially a little daunted by the prospect of charity registration as it was a new process, which they had no previous knowledge of. However, having attended one of the Commission's registration workshops, they felt more content in completing their registration application.

John commented: "Charity registration is a vital step forward, putting the infrastructure in place in Northern Ireland to ensure charities are fit for purpose and operating good governance for the benefit of the charity sector. We are delighted to be one of the first 50 registered charities in Northern Ireland."

Case study: Little Orchids

Registered charity number: NIC100096

Website: www.littleorchidscentre.com

Based at Gransha Park in Derry/Londonderry, Little Orchids provides therapeutic intervention and support services for children aged from two to four years old with special needs, along with their parents and carers.

Originally set up by the British Red Cross in 1999 as a crèche for children with special needs, Little Orchids has come on leaps and bounds over the past 15 years, providing a warm, welcoming, nurturing and safe environment for children and their families.

The charity runs two sessions daily, Monday to Friday, with up to eight children in each session. While the limited numbers mean there is often a waiting list for the charity's services, it ensures there is a high adult to child ratio at each session. All of Little Orchids' activities have a strong focus on play based learning and assessing development to ensure the right learning pathways are in place. The comprehensive services provided mean the charity can cater for children with a wide variety of specific needs, including developmental delay, speech and language delay, genetic conditions, physical disability, medical conditions, autistic spectrum disorders, behavioural issues and sensory impairment.



The Little Orchids team consists of nine staff, including two administrative staff, and a small team of volunteers. There is also an active Parents Support Group which provides support for parents to meet up and share experiences and advice.

Little Orchids was called forward for registration as part of the Commission's tranche three.

Centre Manager, Maura McGregor, has attended a number of Commission events to find out more about charity regulation and keep up to date with developments. As well as attending one of the Commission's registration workshops, Maura also found the range of registration guidance invaluable when applying to register Little Orchids as a charity.

Maura commented: "I feel that registration is a good thing as it allows organisations to demonstrate they are a legal, accountable charity with nothing to hide, which can only be a good thing for an organisation's reputation."

8. The developing context

The past twelve months have been a period of significant change and development for the Commission and for the charitable sector in Northern Ireland as a whole. Historically, there has been limited charity oversight in Northern Ireland, with the only form of registration being with HMRC for charitable tax exemptions and Gift Aid.

However, HMRC is not a charity regulator and the charity sector, seeing the need for change, lobbied for many years for the establishment of a new regulator. In March 2009, following the passing of the Charities Act (Northern Ireland) 2008, the Charity Commission for Northern Ireland was established with a remit to ensure Northern Ireland has a dynamic and well governed charity sector.

Charity registration has now begun with the first charities in Northern Ireland listed on the new *register of charities*. Another major development in charity regulation was also undertaken with work completed on the new interim reporting arrangements for registered charities, ready for the programme to go live on 1 April 2014.

As well as compulsory registration and monitoring functions, the Charities Act (Northern Ireland) 2008 also provides the Commission with a wide range of powers to support charities as they develop and adapt to reflect changes in modern society and the context in which they work. As this annual report highlights, the Commission has commenced a number of new powers over the past year and, subsequently, has developed and embedded a range of new policies and guidance that will assist trustees in managing their charities.

Three years from gaining our investigatory powers, the Commission has also firmly cemented its role as Northern Ireland's charity regulator. At the end of 2013-14, we had received 284 concerns about charities, the majority of which involved minor infractions, easily put right with the correct guidance or advice. On occasion, we also received concerns so serious as to merit the Commission using our most stringent of powers, for example, our power to institute a statutory inquiry under section 22 of the Charities Act.

9. Progress and delivery

Events and engagement

The Commission remains keen to educate, inform and engage with as many stakeholders as possible, from the general public, businesses, schools and religious organisations through to charities, their staff, volunteers and beneficiaries. We understand that charity regulation is, for many, an entirely new process and over the course of the year we have undertaken a range of activities to guide and support charities in meeting their new responsibilities, as well as listening to and learning from the views and comments of our stakeholders.

Over 2013-14 we have undertaken 90 engagement events. This included hosting six events, as part of our public benefit and registration guidance consultation, in Ballymoney, Downpatrick, Larne, Strabane, Lisnaskea and Magherafelt in April 2013. Following extensive preparation work, the Commission launched a public consultation in September 2013 on the draft interim reporting requirements for registered charities. The consultation included a series of five events across Northern Ireland, beginning with a high profile, joint conference with Queens University Management School, Belfast, on the interim reporting proposals and the new Charity SORP (Statement of Recommended Practice).

The Charity Commissioners, Chief Executive and other senior staff have also continued to promote a wider understanding of the role of charity regulation in Northern Ireland by hosting and participating in a wide range of meetings, seminars and conferences. This has included meeting with a number of education, religious and statutory organisations. In February 2014 Commission staff undertook four fact-finding visits to local charities, helping to gain an understanding of how local charities work on the ground and increasing their knowledge of charity governance and the challenges charities are facing in today's world. Senior staff have also spoken at a number of external events and seminars including those hosted by the Institute of Chartered Accountants, the Charity Retail Association, Youthnet, Age NI, the National Council for Integrated Education (NICIE) and the Northern Ireland Council for Ethnic Minorities (NICEM), to name but a few.

To support organisations in preparing for registration, the Commission also began a series of registration and public benefit workshops during the year. The workshops were divided into two main tiers, the first involving organisations that had agreed to act as helper groups providing support and assistance to other organisations going through the registration process. This list of helper groups, available on our website, currently numbers 24 organisations that provide a variety of registration support services from access to a

scanner and the internet to assistance with completing the online application form. The second tier of workshops were aimed at organisations which had been called forward to apply to register, offering a helpful overview of the registration system and the public benefit requirement in advance of beginning their application. By the end of March 2014, some 160 individuals had attended one of the Commission's seven registration workshops and 88 individuals had attended one of the five helper group workshops, which were held at the Commission's Lurgan offices as well as at locations including Craigavon, Belfast, Newry and Coleraine.

We have worked to further build awareness and knowledge of the Commission and its aims within the political and legislative sphere. The Commission has undertaken 19 meetings with political representatives, including local councillors and MLAs, submitted information for Assembly Questions and undertaken briefings to the Social Development Committee on major aspects of our work, including the beginning of charity registration and the draft interim reporting requirements for registered charities.

Equally important, the Commission has continued to build links and to share knowledge and best practice with colleagues in the Charity Commission for England and Wales (CCEW) and the Office of the Scottish Charity Regulator (OSCR). As we look to the year ahead, we also look forward to the creation of a new charity regulator in the Republic of Ireland. Using our experience and knowledge of establishing a new charity regulator, we have provided advice and guidance to the Irish Department of Justice and Equality as it works to develop and establish charity law and we hope the new regulator will bring further analysis, skills and experience to the wider charity regulation forum.

As well as meeting stakeholders face to face, we have expanded our library of online publications and support tools, providing a wealth of clear, accessible information and guidance to promote good governance and compliance with charity law. During the year we produced two thematic reports, providing anonymous case studies on common concerns received about charities coupled with advice on how charities can learn from these experiences, and maintain or improve good governance. In preparation for the commencement of charity registration, and following the public consultation which concluded earlier in the year, we also published our range of registration and public benefit guidance, including *Registering as a charity in Northern Ireland: guidance, The Public benefit requirement: statutory guidance* and 12 supporting documents providing further information on the charitable purposes detailed in the Charities Act. Our website has continued to prove a helpful resource for all charities, gaining 70,301 unique visits over the past year. Amongst the most popular web pages are *The deemed list* (27,888 page views) and *Introduction to charity registration*, with 10,626 page views since going live on 16 December 2013.

One of the Commission's key objectives is to increase public trust and confidence in the charity sector. In order to achieve that, it is vital that the Commission remains open and engaged with charities, as with all our stakeholders. Over the next year, we will look to continue our engagement work, to learn from our past experiences and to develop new and innovative ways of encouraging and supporting individuals and organisations to interact with us.

Investigatory work

Having received over 280 concerns about charities since gaining our investigatory powers in February 2011, the Commission has found that most of the concerns we receive involve relatively minor infractions, easily put right with the correct guidance or advice. This supports our belief that the majority of charities in Northern Ireland are well run, accountable organisations working to achieve their purposes.

The Commission is committed to assessing each concern we receive, allowing us to determine the best action to take to rectify the situation, based on the seriousness of the concern and the risk involved. As a proportionate regulator we only take up issues where we believe there is substance to a concern. If there is no evidence to support a concern or allegation we may decide that intervention is not appropriate. We will not act on unsubstantiated allegations, rumor or opinion - to do this and, as a result, disrupt the charity's work would be unfair to the charity, its activities, its users and beneficiaries. On the other side of the coin, we will not hesitate to take the appropriate action when required to protect individual charity assets and beneficiaries as well as to safeguard the reputation of the overall charity sector. That action may be to provide governance advice, setting the charity in the right direction, through to use of our more stringent powers under the Charities Act (Northern Ireland) 2008, including the power to institute statutory inquiries, to protect the charity and its assets.

Number of concerns recieved by month



Over the past twelve months we have received 107 concerns about Northern Ireland charities - an average of nine concerns per month. As always, the nature of those concerns covered a broad spectrum of areas, with common themes including transparency, charity property, payments and expenses to trustees, conflicts of interest and closing a charity. During the year the Enquiries team progressed 98 concerns to conclusion with 52 concerns remaining under investigation at 31 March 2014. We aimed to have 80 per cent of concerns risk assessed within 30 days of receiving the necessary information and in 2013-14 we exceeded this target with 83% of concerns risk assessed within this target time frame.

Our concerns caseload has helped us to build a general picture of the charitable landscape in Northern Ireland, including the depth of the personal links and confidence people have in charities – and their disappointment when they spot issues of concern within a charity. While we, as the charity regulator, are committed to taking the necessary steps to put things right where mismanagement and misconduct in the administration of a charity has been identified, we also work to encourage and promote compliance in the first instance. Along with our *Running your charity* guidance and our range of engagement activities, we have this year produced two new thematic reports to provide advice, guidance and lessons learned from some of the common concerns we receive about charities. The reports, *Latest lessons learned from concerns about charities* (March 2014) and *Key lessons in charity governance* (July 2013), are both available on our website, along with our range of information on submitting a concern about a charity.

The register of charities

Following the granting of Royal Assent in January 2013 on the amendment to the Charities Act (Northern Ireland) 2008, work quickly commenced within the Commission to prepare for the beginning of charity registration in late 2013. The public benefit and registration guidance consultation, which had begun in the spring of that year, drew to a close in May 2013, with work beginning almost immediately to collate and analyse the feedback received, before developing and finalising the guidance documents. Alongside this, in-house registration and legal training also commenced while internal and external work to further develop, implement and test the new registration system and processes continued apace.

This work neared fruition towards the end of the summer, when the Commission embarked on a registration pilot with 20 organisations test driving the new online registration system, processes and guidance. The test organisations covered a diverse cross section of Northern Ireland's charitable sector and included a housing association, a soccer school

for young players, a rural transport organisation, an ethnic community association and a parent teacher support group. During the pilot, 14 of the 20 organisations gained charity status and were revealed as Northern Ireland's first registered charities as of 16 December 2013 – the day compulsory registration began. Registration of the remaining organisations was also in progress by launch day, marking a successful conclusion to the pilot.

Northern Ireland's first registered charities:

- Ulidia Housing Association
- The Boys' Brigade – Northern Ireland District
- Strabane Ethnic Community Association
- Advice NI
- Fírinne
- Lagan Valley Rural Transport
- Drumellan Community Association
- U3A Foyle
- Supporting Communities NI
- Cancer Lifeline
- Brookeborough Parent Teacher Support Association
- Clooney Soccer School
- Northern Ireland Council for Voluntary Action (NICVA)
- Groundwork NI

In many ways, 16 December 2013 is a day which will go down in the history of the Commission. As well as the beginning of registration, it marked the opening of the new, public *register of charities* – an online database which will grow into the definitive directory of all registered charities in Northern Ireland over coming years. The date also saw the Commission call forward the first tranche of 200 charitable organisations to apply to register, marking a major step forward in charity regulation.

Given the estimated number of charities in Northern Ireland, registration is being rolled out by the Commission in a managed process, with organisations from the Commission's three registration lists (deemed, non deemed and special circumstances) called forward to apply to register in tranches. Each organisation will be given three months to apply to register from the date they are called forward, with the Commission aiming to complete assessment of an application within three months of having received a completed online application and any further additional information required.

Minister for Social Development, Nelson McCausland: **“I am delighted to see charity registration opening in Northern Ireland, marking a new chapter for charity regulation here. The intention is not to place an unnecessary burden on local charities and I think charities here recognise that. This is a significant milestone towards ensuring proper accountability and increased public confidence in charitable giving.”**

By the end of March 2014, 31 charities had been registered by the Commission. During the year, 1,121 organisations were called forward to apply to register as a charity. In addition to calling organisations forward, the Commission is also working hard to roll the registration message out across Northern Ireland, encouraging all charities to prepare by checking the Commission’s deemed list to ensure we have their correct details and, if not, to get in touch with us as soon as possible.

As part of the managing registration process, organisations which are not on the deemed list, or that wish to make a case to have their registration application brought forward, can contact the Commission with their details by filling in an online *Expression of intent* form. Showing their enthusiasm to get the registration ball rolling, by the end of March 2014, 283 organisations had completed the Commission’s *Expression of intent* form.

Expression of intent forms submitted

November (form goes live)	6
December	33
January	110
February	97
March	37
<hr/>	
Total	283

Annual reporting

Following the beginning of charity registration, the next regulatory step for the Commission involved designing a new interim reporting programme with registered charities required to report to the Commission on their activities, governance and finances on an annual basis.

Subsequently, a major piece of work completed during the past year was the development of the new interim reporting programme for registered charities, which went live at the beginning of the new financial year on 1 April 2014.

Tom McGrath, Chief Commissioner: "As the charity regulator in Northern Ireland, annual reporting by charities is a key element in our monitoring and regulatory work, as well as encouraging transparency and openness amongst all charities."

Following careful preparation and development work, the draft interim reporting requirements went out to public consultation in September 2013. During this consultation the Commission received feedback from more than 300 people who attended consultation events and responses were also submitted from 47 individuals and organisations. Following the end of the consultation, the Commission began preparatory work on new regulations which will govern the interim monitoring regime for registered charities, the *Charities (Annual Return) Regulations 2014*. Work was also finalised on the *Charity reporting: Interim arrangements and the annual monitoring return* guidance and accompanying processes and policies ready for the programme to go live on 1 April 2014.

Organisational development

As a public body and Northern Ireland's independent charity regulator, we are committed to working in an open, transparent and accountable way, demonstrating good governance to charities across Northern Ireland.

As in previous years, we have also continued to develop, implement and monitor the core operational policies and procedures, which are essential for any public body. During the past 12 months, for example, we have developed a wide range of new processes and guidance aimed at implementing the powers we have gained under the Charities Act (Northern Ireland) 2008.

In August 2013, the Charities Act 2008 (Transitional Provision) Order (Northern Ireland) 2013 came into effect, granting the Commission jurisdiction over all Northern Ireland organisations which had registered with Her Majesty's Revenue and Customs (HMRC) for charitable tax purposes by 19 August 2013. This means, as the 2013-14 year draws to a close, the Commission now has jurisdiction over:

- organisations that have registered with the Commission as charities. The new *register of charities* can be viewed online at www.charitycommissionni.org.uk
- organisations (known as “deemed charities”) which had been granted charitable tax status by Her Majesty’s Revenue & Customs (HMRC) by 19 August 2013. These organisations are listed on what is called the deemed list, which is published on the Commission’s website.

The Transitional Order also gave the Commission powers to make decisions on a wide range of areas, including giving consent to governing document changes and granting cy-près schemes. Over the past 12 months, the Commission has now published new guidance and forms, as well as finalising internal processes and policies for the management of a series of casework programmes, with work underway to receive, progress and make decisions on cases submitted. For example, during the year the Commission received 43 applications (*section 96, 98 and 99 cases*) for consent to regulated alterations to objects, dissolution clauses or benefits to directors of connected people in a company’s governing document. Of the applications, 39 were subsequently granted, one was not granted and three remain in progress at year end. The applications have an average processing time of 15 days. Another casework area is cy-près with the Commission having received, by 31 March 2014, 12 applications for consent to change charitable purposes or transfer a charitable gift in order to ensure the charity remains effective. Of the applications, two were withdrawn and 10 were in progress at year end.

In November 2013 the Commission published new *Running your charity* guidance to assist trustees in understanding their duties and encourage them to adopt good practice in all aspects of their operational activities. Available to read or download from the Commission’s website, the new guidance provides an overview of the legal framework, good governance and best practice, and is a must read for all charity trustees.

Frances McCandless, Commission Chief Executive explained: "The role of a trustee comes with a lot of responsibility but, equally, it can be hugely rewarding as trustees bring their own skills, knowledge and experience to help a charity, its staff and volunteers to achieve their best and meet the needs of beneficiaries."

Following a strategic review of the Commission's staffing structure, which received approval from our sponsor department, DSD, a new staffing structure was implemented in 2013 which has seen the Commission increase its staff numbers to 29 to support the roll out of registration. A period of recruitment was undertaken, with a full complement of permanent staff recruited or in place by the end of the financial year. Four new Casework officers were also seconded from DSD to the Registration team. This will support charity registration in the next two to three years. This recruitment has been followed by a programme of training for staff and Commissioners. Staff sickness absence rate stands at 5.2 per cent, set against a 3 per cent Business Plan target. As a small organisation, we are vulnerable to staff turnover and absence, a risk we continue to monitor and manage closely.

With the majority of staff having firmly settled into their roles, the Commission is confident we have the necessary skills and scale in place, fit for the purpose of regulating Northern Ireland's charitable sector over coming years.

Sustainability

The Commission is aware of its environmental responsibilities and adheres to local council policy regarding recycling. Given the size of the organisation, the Commission has considered the need for a sustainability report and believes an in depth report would not be of benefit to the readers of the accounts at this time.

10. Future focus

The past year has seen the Commission achieve one of its most important changes to date, with the beginning of compulsory charity registration. However, we are aware that much of the work has only just started.

Over the coming year the public *register of charities* will continue to grow, first hitting the benchmark 100 registered charities and on to 250, 500, 1,000 and upwards. This in itself will not be without its challenges as more and more charities will turn to us for support.

We will also continue investigating suspected or alleged charity misconduct and mismanagement, taking the appropriate action to resolve the situation. We know at times such action may not always make us popular but we remain committed, as always, to our values of independence, accountability, proportionality, impartiality, transparency and consistency. Each investigation also brings with it new lessons, increasing our knowledge and experience and, as we develop, we will reflect on our work and review our procedures to ensure they remain effective.

Annual reporting will play a major role within the Commission's activities. With work on developing the interim monitoring regime now complete, the next step will be to implement the programme. As of 1 April 2014 all charities registered with the Commission fall under the interim reporting arrangements and by law must report to the Commission on their first full financial period after this date. The Commission will work to inform charities of their responsibilities, as well as implementing the internal policies and processes which will govern the monitoring programme. However, the interim requirements mark only phase one of the introduction of annual reporting. The interim arrangements will remain in place until the full accounting and reporting regulations, developed by the Department for Social Development (DSD), are commenced, which is expected 1 January 2015. Again the Commission will play an integral role, working alongside DSD in the development, consultation and implementation of the full regulations.

To promote good governance, we will also build on the range of support tools we offer to help trustees run their charities in an open, transparent and accountable manner, and to learn from the experiences of others. Overall, we plan to publish a minimum of 26 pieces of guidance over the next two years. Our stakeholders will also remain one of our main priorities as we continue to engage and listen to charities and the public.

Over the coming year we aim to undertake 25 engagement events with key stakeholders and receive 30,000 visits to our website.

As highlighted at the beginning of this report, 2013-14 has been a year of significant achievements for the Commission. We look forward confidently to the first 100 charity registrations, the publication of our first statutory inquiry report and submission of the first set of accounts from a registered charity under the new interim reporting regime, amongst other benchmark achievements.

11. Remuneration report

Remuneration policy

The Commissioners and the Chief Executive of the Charity Commission for Northern Ireland are appointed by the Minister for Social Development in line with the Code of Practice issued by the Commissioner for Public Appointments.

The Board has corporate responsibility to appoint, subject to the Minister's and sponsor Department's approval, a Chief Executive to the Charity Commission for Northern Ireland and, in consultation with the sponsor Department, sets performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use of public monies.

Service contracts

The Chief Commissioner and Deputy Chief Commissioner have been appointed for a five year term of office. Five Commissioners have been appointed for a three year term. The Chief Executive of the Commission was appointed in April 2010 and this appointment is open-ended.

Salary and pension entitlements

Emoluments of Chief Executive and senior management

The following sections provide details of salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the Commission.

Remuneration (Audited information)

Commissioners	2013-14		2012-13	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Tom McGrath, Chief Commissioner	5-10	Nil	0-5	Nil
Walter Rader, Deputy Chief Commissioner	0-5	Nil	0-5	Nil
Brenda Maitland, Commissioner (started May 2013)	0-5	Nil	0-5	Nil
Rosemary Connolly, Legal Commissioner	0-5	Nil	0-5	Nil
Geraldine Donaghy, Commissioner (started May 2013)	0-5	Nil	0-5	Nil
Norman Bennett, Commissioner	0-5	Nil	0-5	Nil
Philip McDonagh, Commissioner	0-5	Nil	0-5	Nil

Senior Management	2013-14		2012-13	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Chief Executive Frances McCandless	65-70	Nil	60-65	Nil
Head of Charity Services Punam McGookin	45-50	Nil	45-50	Nil
Head of Corporate Services Aubrey McCrory	45-50	Nil	45-50	Nil
Head of Enquiries Myles McKeown (started October 2013)	45-50	Nil	-	-

	2013-14	2012-13
Band of Highest Paid Director's Total Remuneration	£65k-£70k	£60k-£65k
Median Total Remuneration	£26,151	£25,340
Ratio	2.5	2.5

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the Commission in the financial year 2013-14 was £65k-£70k (2012-13, £60k-£65k). This was 2.5 times (2012-13, 2.5) the median remuneration of the workforce, which was £26,151 (2012-13, £25,340).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Salary

'Salary' includes gross salary, performance pay or bonuses, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

Pension benefits (Audited information)

No Commissioners received pension benefits. In the 2012-13 year, Department for Finance and Personnel (DFP) approval was given to provide pension benefits through membership of the Principal Civil Service Pension Scheme to the Chief Executive and staff. Details of the Commission's pension benefits and entitlements are detailed on the next page.

Pension entitlements

Officials	Accrued pension at age 60 as at 31/3/14 and related lump sum £'000	Real increase in pension related and lump sum at age 60 £'000	CETV at 31/3/14 £'000	CETV at 31/3/13 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Frances McCandless Chief Executive (<i>Nuvos Scheme</i>)	10-15 plus lump sum of Nil	0-2.5 plus lump sum of Nil	147	123	13	-
Aubrey McCrory Head of Corporate Services (<i>Premium Scheme</i>)	0-5 plus lump sum of Nil	0-2.5 plus lump sum of Nil	30	19	6	-
Punam McGookin Head of Charity Services (<i>Nuvos Scheme</i>)	5-10 plus lump sum of Nil	0-2.5 plus lump sum of Nil	95	75	12	-

As Mr M McKeown started employment in the Charity Commission for Northern Ireland part way through 2013-14, the Civil Service Pensions (CSP) have been unable to provide CETV information for him before the accounts have been signed and as a result his pension entitlements have not been disclosed. The disclosure will be available for the 2014-15 Annual Report.

Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the Nuvos arrangement or they can opt for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI. For 2014, public service pensions will be increased by between 0.3% and 0.6% with effect from 1 April 2014.

Employee contributions are determined by the level of pensionable earnings. The current rates are as follows:

Members of **classic**:

Annual pensionable earnings (full-time equivalent basis)	New 2014 contribution rate before tax relief
Up to £15,000	1.5%
£15,001-£21,000	3.0%
£21,001-£30,000	4.48%
£30,001-£50,000	5.27%
£50,001-£60,000	6.06%
Over £60,000	6.85%

Members of **premium**, **nuvos** and **classic plus**:

Annual pensionable earnings (full-time equivalent basis)	New 2014 contribution rate before tax relief
Up to £15,000	3.5%
£15,001-£21,000	5.0%
£21,001-£30,000	6.48%
£30,001-£50,000	7.27%
£50,001-£60,000	8.06%
Over £60,000	8.85%

Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. Further details about the CSP arrangements can be found at the website www.dfpni.gov.uk/civilservicepensions-ni

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement

when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Bonuses

The Charity Commission for Northern Ireland does not operate any form of bonus scheme.

Compensation payments

No compensation payments were made in the 2013-14 financial year.

Ex-gratia payments

No ex-gratia payments were made in the 2013-14 financial year.

Exit packages

No exit packages were awarded in the 2013-14 financial year.

Signed



Frances McCandless

Chief Executive

Date: 4 June 2014

12. Responsibilities of the Commission and Chief Executive

Under schedule 1, section 8(2), of the Charities Act (Northern Ireland) 2008, the Department for Social Development (DSD), with the approval of the Department of Finance and Personnel (DFP), has directed the Charity Commission for Northern Ireland to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission and of its income and expenditure, changes in taxpayers' equity, and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by DSD, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements and
- prepare the financial statements on a going concern basis.

The Accounting Officer of DSD has designated the Chief Executive of the Charity Commission for Northern Ireland as Accounting Officer of the Commission. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper accounting records, and for safeguarding the Commission's assets, are set out in Managing Public Money Northern Ireland published by DFP.

13. Governance statement 2013-14

Introduction

The Charity Commission for Northern Ireland is committed to the highest standards of corporate governance as a regulatory body. The Board is accountable to the sponsor department and the Northern Ireland Assembly for good corporate governance.

This statement sets out the arrangements the Commission has in place to meet that commitment. The Commission's view of its governance is informed and assisted by various internal and external opinions, including auditors and other stakeholders.

This governance statement outlines how the Board and Accounting Officer have discharged their responsibilities to manage and control Charity Commission resources throughout the financial year ended 31 March 2014. It is for the Accounting Officer, with Board support and input, to decide the format and content of this governance statement. The Accounting Officer has considered guidance set out in DAO (DFP) 10/12, Managing Public Money NI Annex 3.1, and relevant NI Audit Office fact sheet (2014) to tailor the disclosure to the organisation and its features during the year. The following outlines how the Commission has applied this guidance during the year.

Scope of responsibility

The Charity Commission for Northern Ireland is the independent regulator of charities in Northern Ireland. The Commission is a non-departmental public body (NDBP), established by Royal Assent to deliver the legislative requirements of the Charities Act (Northern Ireland) 2008. It is sponsored by the Department for Social Development (DSD). The Commission's strategic aims are:

- to increase public trust and confidence in charities
- to promote awareness and understanding of the operation of the public benefit requirement
- to promote compliance by charity trustees with their legal obligations in exercising control and management of the administration of their charities
- to promote the effective use of charitable resources
- to enhance the accountability of charities to donors, beneficiaries and the public
- to manage the Commission as an effective and efficient non-departmental public body.

The purpose of the governance framework

The Commission's governance framework is designed to allow the organisation to operate as an accountable, efficient and effective public body and to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The framework is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Commission's policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised and to manage them efficiently, effectively and economically.

The framework has been implemented within the Charity Commission for Northern Ireland since establishment, during the period ended 31 March 2014 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

The Charity Commission for Northern Ireland's governance framework

Board

The Commission's leadership consists of a Board which directs the Commission's strategic planning, financial and operational management, resource management and risk assessment to ensure that statutory obligations are met. The Board provides strategic direction and oversight to the Senior Management Team which is responsible for management and performance. The Board comprises a Chief Commissioner, a Deputy Chief Commissioner and up to five Charity Commissioners, all on a part-time basis. At least one Charity Commissioner must be a barrister or solicitor of at least seven years standing. Appointments of Charity Commissioners, who constitute the Board, are made in accordance with the Northern Ireland Code of Practice for Ministerial Appointments to public bodies issued by the Commissioner for Public Appointments.

The Board acts independently of senior management in line with a formal governance framework known as the Management Statement and Financial Memorandum (MSFM). It is the responsibility of the Board membership to ensure the Commission fulfils the aims and objectives set by its sponsor department and approved by the Minister, and promotes the efficient, economic and effective use of staff and other resources.

During the year it undertook these responsibilities by:

- submitting a rolling 3 year Corporate and an annual Business Plan for departmental approval to chart the overall strategic direction of the Commission within the policy and resources framework determined by the sponsor Department and the Charities Act (Northern Ireland) 2008. At year end the plans for 2014-17 were awaiting final Ministerial approval

- ensuring the sponsor department was kept informed of changes which were likely to impact on the strategic direction of the Commission or on the attainability of its targets, and determining the steps needed to deal with such changes through sharing of Board information, including the Risk Register, an annual meeting between the Chief Commissioner and the Minister (this year also including other Commissioners), bi-annual meetings between the Accounting Officer and the Permanent Secretary of the sponsor Department and monthly meetings of Senior Management Team with officials from the sponsor branch (moving to bi-monthly at year end)
- ensuring any statutory or administrative requirements for the use of public funds were complied with and that the Commission's Board operated within the limits of its statutory authority and any delegated authority agreed with the sponsor department through six-monthly reviews of the terms of the MSFM which found full compliance, as no breaches had been identified, and noted special attention had been given to business cases which required DSD approval
- receiving and regularly reviewing financial and performance management information in terms of budget updates and forecast spend at each Audit and Risk and Board meeting, and quarterly business plan progress reports which provided positive assurance to the sponsor department that appropriate action was being taken to meet performance commitments
- demonstrating high standards of corporate governance at all times, including using an independent Audit and Risk Committee member to help the Commission's Board address the key financial and other risks facing the Commission
- undertaking an externally facilitated Board effectiveness review, with input from a member of another Board to inform the strategic governance agenda
- operating a live register of conflicts of interest on the website with conflicts a standing agenda item on Board meetings and a formal annual review undertaken by the Board
- having in place a Chief Executive of the Commission and, in consultation with the sponsor department, annually setting performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use of public monies
- receiving quarterly reports at meetings from its Audit and Risk and Human Resources and Remuneration sub-committees and ensuring that the work being carried out by those sub-committees receive properly proposed and recorded approvals by the Commission Board itself
- taking account of fraud awareness reports from the Department of Finance and Personnel;
- ongoing work on fraud including revising the policy to reflect new legislative provisions and undertaking an organisational bribery assessment
- ensuring an effective risk management process is in place and is regularly reviewed at each Board meeting.

Attendance at Board meetings during the year:

Board member	Number of meetings attended
Tom McGrath, Chief Commissioner	7 out of 7
Walter Rader, Deputy Chief Commissioner (part of year)	7 out of 7
Norman Bennett, Legal Commissioner	6 out of 7
Rosemary Connolly, Commissioner	6 out of 7
Geraldine Donaghy, Commissioner	7 out of 7
Brenda Maitland, Commissioner	5 out of 7
Philip McDonagh, Commissioner	6 out of 7

Audit and Risk Committee

The Audit and Risk Committee supports the Board and the Accounting Officer in their responsibilities regarding issues of risk, control and governance, and associated assurances. During the period under review its overseeing role included, but was not limited to, internal and external audit, the Commission's financial statements and risk management. The Committee undertook an annual Committee Effectiveness Review, the outcome of which was satisfactory and led to a series of improvement recommendations.

The Audit and Risk Committee was established in June 2009. The executive reports risks to the Audit and Risk Committee who review and challenge the assessment and planned measures before reporting to the Commissioners on risk management issues. Risk is reviewed and discussed at each meeting by the Audit and Risk Committee and, in turn, they inform the Board of any emerging issues which are then discussed. An internal audit review, carried out in March 2014 by the DSD Internal Audit Unit, examined aspects of the Commission's work. This covered core business systems including risk management, as well as registration of charities, premises security, and previous recommendations. The Audit and Risk Committee may commission reports on specific issues where they feel this necessary. The Audit and Risk Committee has also reviewed the systems and controls in place to protect the Commission's information and no data handling issues that required notification to the regulator were identified. Quarterly assurances were completed and forwarded to the Departmental Senior Information Risk Officer.

The Committee also considered the Northern Ireland Audit Office's (NIAO) report to those charged with governance which indicated no significant audit judgments were made in reaching their audit opinion on the Commission for the year ended 31 March 2013. Having reviewed accounting policies, the NIAO were content at their appropriateness, no significant issues regarding regularity were identified and the audit did not identify any

significant internal control weaknesses. The report also stated that, in the NIAO's opinion, in all material respects expenditure and income had been applied to the purposes intended by the Assembly and the financial transactions conformed to the authorities which govern them.

Attendance at Audit and Risk Committee meetings during the year:

Committee member	Number of meetings attended
Philip McDonagh, Chair	4 of 4
Norman Bennett, Commissioner	4 of 4
Brenda Maitland, Commissioner (part of year)	2 of 3
Graeme Allen, NIHE Independent Member of Committee	4 of 4

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee supports the Board in its responsibilities regarding issues of staff resource and staff performance, including, but not limited to, recruitment, staff structure, remuneration and resource, human resource policies and practice and legislative compliance.

During the period under review the Committee oversaw implementation of a new organisational structure and staffing levels arising from the sponsor department's Light Touch Review (2013), considered the results of a staff survey, and training activities and evaluation. The Committee also made recommendations to the Board on changes to Human Resources policies, in particular on absence management following Internal Audit work.

Attendance at Human Resources and Remuneration Committee meetings during the year:

Committee member	Number of meetings attended
Walter Rader, Chair, Deputy Chief Commissioner	2 out of 2
Rosemary Connolly, Legal Commissioner	1 out of 2
Geraldine Donaghy, Commissioner	2 out of 2

Board performance and assessment of its own effectiveness

In 2013-14 the Board met seven times, the Audit and Risk Committee four times and the Human Resources and Remuneration Committee twice. Board and Committee minutes are published regularly on the Commission's website.

A self-assessment review of the Board's effectiveness was carried out in March 2014 using external facilitators. The responses indicated that the Board was satisfied overall with its own effectiveness. On a scale of 1 to 5 for each assessment question, the Board scored an average of 4 out of 5 overall, indicating a high level of satisfaction with effectiveness. In specific areas scores ranged from 5 to 3.3, with opportunities for improvement in strategy and information and agendas identified.

Key Decisions of the Board in 2013-14

The Board's main focus in the year under review included preparations for charity registration and the future resourcing and staffing of the Commission. In addition to standing item discussions of budget and finance, business plan performance and risk management, other issues considered and agreed during the year were:

- Annual Report and Accounts to the Assembly
- a revised risk appetite linked to the Business Plan
- approval of the annual internal audit plan
- adoption of Board and Executive Responsibilities paper
- revised Finance and Human Resources policies and procedures
- Communications and Social Media Policies
- approval of policy on publishing decisions
- procedures relating to registration, legal work, and casework including S96 (Alteration of Objects clause of Charitable companies) manual
- Public Benefit statutory guidance
- Interim Monitoring Policy and Programme Requirements and
- Charities (Annual Return) Regulations 2014

In addition, Board members met three times throughout the year to consider use of the Commission's statutory powers relating to specific casework. At year end the Board identified opportunities to develop the quantity and quality of data provided for its use to ensure it effectively monitored statutory activities. The Board also identified opportunities to reshape the Board agenda and to enhance the process of preparing and disseminating Board papers. The annual planner set at the start of the year for committee and Board meetings and agenda items was implemented.

Risk and control framework

The Commission's approach to risk management and internal control is proactive and reflects reviews and assurances at various levels within the organisation. During 2013-14, the Commission sought to use its approach to risk management to ensure audit resources are detailed to areas of perceived serious and remote risks.

Significant time and effort is given to addressing all recommendations and updating the audit committee. This is the most significant indication of efforts to manage and control resources. The systems in place included:

- a risk policy that specifically required identification of risks, an assessment of their impact and an action plan that accorded ownership, was time bounded and monitored regularly
- monthly review of the Corporate Risk Register by Senior Management Team and sign off by the Chief Executive
- quarterly assurance statements to the sponsor department which were informed by business level assurance statements
- monthly review of the Corporate Risk Register with sponsor branch at liaison meetings;
- consideration and updating of the Risk Register as a standing item on Audit and Risk Committee and Board meetings
- annual fundamental review of the risk policy and organisational appetite linked to Business Plan objectives
- assurance framework covering all policies and procedures subject to various monthly, quarterly and annual checks, which inform the overall assurance statement by the Accounting Officer and
- annual internal and external audit programme, which are informed by a review of strategic business risks.

Although the Corporate Governance in Central Government Departments Code of Good Practice (NI) 2013 is for central government departments, the Commission's own governance policies comply with the principles of this central government code. The Board reviewed the code at its autumn development session. The Commission's Board Terms of Reference, Code of Conduct and Standing Orders, in conjunction with its MSFM, set out the roles, duties, procedures and values of the organisation's governance function. Induction and training for two new Commissioners was undertaken during the year and ongoing training and development for Board members was undertaken, including sessions on Public Expenditure Update and Challenging Risk at the Boardroom Table.

As part of the Commission's corporate planning process, the Commission identified the inherent risks for each corporate objective and assessed each inherent risk for impact and likelihood using a risk matrix. A mapping exercise was undertaken to identify the ownership and controls to mitigate various risks. This provided an overview of key areas of risk, where assurance was assigned and action plans put in place for progression and monitoring.

Significant control/governance issues

The Audit and Risk Committee noted in 2013-14 that the risk environment has ceased to include delays to amending charity legislation relating to registration because legislation was in place. Risks that materialised included delays in recruiting staff as part of the new organisational structure, requiring additional resource to advertise and undertake repeat exercises. Another risk that materialised concerned retention and development of staff given the small size of the staff complement, location, lack of promotional opportunities and the practicalities of implementing HR because the Commission does not have the benefit of access to mainstream HR Connect support.

The risk to premises security was revised during the year and, after a number of inspections facilitated by the Department, the Board accepted this risk should be passed to the Department. The risk that the information systems infrastructure was not sufficiently developed to support the Commission's work was also regularly discussed and A&R committee monitored progress on a related major IT capital project. A new risk related to Charity Tribunal and legal proceedings was identified and included in the corporate risk register towards the end of the year. This recognised risks arising from the outcome of Charity Tribunal and legal proceedings which the Commission noted would be a risk that would continue and further develop as the Charities Act (Northern Ireland) 2008 is novel and contentious. In particular it is unclear from where legal challenges will emerge, and how internal and external timetables will align when a more active phase of Commission decision making is underway on registrations, consents and enquiries.

The 2013-14 Business Plan included preparations for interim compliance monitoring in light of the absence of Departmental regulations which are awaited and needed. Although these external factors lie outside of the organisation's internal control mechanisms, the risk framework has included mitigating actions where feasible. These have included commencing the legal provision allowing the Commission to introduce an interim annual return requirement to enable work on compliance and charity governance.

Review of effectiveness of internal control

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, those within the organisation who have responsibility for the development and maintenance of the organisation's internal control framework and comments made by external auditors in their Report to Those Charged with Governance.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In respect of 2013-14 I have been informed by internal audit on the adequacy and effectiveness of internal controls operating within the Charity Commission for Northern Ireland. In the internal auditors' report they have stated that, in their opinion, the Commission's internal control systems were adequate and operated effectively thereby providing satisfactory assurance regarding the effective and efficient achievement of the Commission's objectives.



Frances McCandless

Chief Executive

Date: 4 June 2014

Financial statements

14. The Certificate of the Comptroller and Auditor General

CHARITY COMMISSION FOR NORTHERN IRELAND

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Charity Commission for Northern Ireland for the year ended 31 March 2014 under the Charities Act (Northern Ireland) 2008. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of Chief Executive's Responsibilities, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Charities Act (Northern Ireland) 2008. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Charity Commission for Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Charity Commission for Northern Ireland; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Charity Commission for Northern Ireland's affairs as at 31 March 2014 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act (Northern Ireland) 2008 and Department for Social Development directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel directions made under the Charities Act (Northern Ireland) 2008; and
- the information given in the Directors' Report and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance

Report

I have no observations to make on these financial statements.

K J Donnelly
KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

5 June 2014

15. Statement of comprehensive net expenditure

For the year ended 31 March 2014

Expenditure	Notes	2013-14 £	2012-13 £
Staff costs	2a	995,416	692,726
Commissioners' remuneration	2b	19,921	16,000
Depreciation	3	64,952	55,796
Other expenditure	3	322,861	261,351
Notional costs	4	14,305	14,232
Net expenditure		1,417,455	1,040,105
Reversal of notional costs	4	(14,305)	(14,232)
		1,403,150	1,025,873
Other comprehensive expenditure			
Net loss/(gain) on revaluation of property, plant and equipment	5	7,314	(3,478)
Net loss/(gain) on revaluation of Intangible assets	6	14,669	(23,794)
Total Comprehensive Expenditure for the year ended 31 March 2014		1,425,133	998,601

Other than Grant in Aid from the Department for Social Development, the Charity Commission for Northern Ireland received no other income in the year.

The notes on pages 50 to 62 form part of these accounts.

16. Statement of financial position

As at 31 March 2014

	Notes	2014 £	2013 £
Non-current assets:			
Property, plant and equipment	5	116,004	124,503
Intangible assets	6	363,074	197,470
Total non-current assets		479,078	321,973
Current assets:			
Trade and other receivables	8	18,867	11,571
Cash and cash equivalents	9	174,983	31,904
Total current assets		193,850	43,475
Total assets		672,928	365,448
Current liabilities			
Trade and other payables	10	(248,795)	(88,038)
Total current liabilities		(248,795)	(88,038)
Non-current assets less net current liabilities		424,133	277,410
Total assets less liabilities		424,133	277,410
Taxpayers' equity			
Revaluation reserve		8,449	30,432
General reserve		415,684	246,978
		424,133	277,410

The financial statements on pages 46 to 49 were approved by the Board on 19 May 2014 and were signed on its behalf by:



Frances McCandless
Chief Executive
Charity Commission for Northern Ireland
Date: 4 June 2014



Tom McGrath CBE
Chief Commissioner
Charity Commission for Northern Ireland
Date: 4 June 2014

17. Statement of cash flows

For the year ended 31 March 2014

	Notes	2013-14 £	2012-13 £
<i>Cash flows from operating activities</i>			
Net expenditure		(1,403,150)	(1,025,873)
<i>Adjustments for non-cash transactions</i>			
(Increase)/Decrease in trade and other receivables		(7,296)	(3,509)
Increase/(Decrease) in trade and other payables		160,757	(62,853)
Depreciation charge	5+6	64,952	55,796
Net cash outflow from operating activities		(1,184,737)	(1,036,439)
<i>Cash flows from investing activities</i>			
Purchase of property, plant and equipment	5	(40,006)	-
Purchase of intangible assets	6	(332,402)	(12,502)
Increase/(Decrease) in Capital Payables	10.1	128,368	(20,548)
Net cash outflow from investing activities		(244,040)	(33,050)
<i>Cash flows from financing activities</i>			
Grants from sponsor Department – DSD		1,571,856	1,064,479
Net financing		1,571,856	1,064,479
Net Increase/(Decrease) in cash and cash equivalents in the period		143,079	(5,010)
Cash and cash equivalents at the beginning of the period		31,904	36,914
Cash and cash equivalents at the end of the period	9	174,983	31,904

The notes on pages 50 to 62 form part of these accounts.

18. Statement of changes in taxpayers' equity

For the year ended 31 March 2014

Notes	SoCNE Reserve £	Revaluation Reserve £	Total Reserves £
Balance at 31 March 2011	81,038	406	81,444
<i>Changes in Taxpayers' Equity 2011-12</i>			
Total comprehensive expenditure	(877,067)	2,754	(874,313)
Total Recognised Income and expenditure for 2011-12	(796,029)	3,160	(792,869)
Grants from sponsor Department - DSD	1,004,401	-	1,004,401
Total grant from sponsor Department	1,004,401	-	1,004,401
Balance at 31 March 2012	208,372	3,160	211,532
<i>Changes in Taxpayers' Equity 2012-13</i>			
Balance at 1 April 2012	208,372	3,160	211,532
Total comprehensive expenditure	(1,025,873)	27,272	(998,601)
Total Recognised Income and expenditure for 2012-13	(1,025,873)	27,272	(998,601)
Grants from sponsor Department - DSD	1,064,479	-	1,064,479
Total grant from sponsor Department	1,064,479	-	1,064,479
Balance at 31 March 2013	246,978	30,432	277,410
Balance at 1 April 2013	246,978	30,432	277,410
<i>Changes in Taxpayers' Equity 2013-14</i>			
Total comprehensive expenditure	(1,403,150)	(21,983)	(1,425,133)
Total recognised Income and expenditure for 2013-14	(1,403,150)	(21,983)	(1,425,133)
Grants from sponsor Department - DSD	1,571,856	-	1,571,856
Total grant from sponsor Department	1,571,856	-	1,571,856
Balance at 31 March 2014	415,684	8,449	424,133

The notes on pages 50 to 62 form part of these accounts.

19. Notes to the accounts of the Charity Commission for Northern Ireland

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Charity Commission for Northern Ireland for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Charity Commission for Northern Ireland are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Without limiting the information given, the financial statements meet the accounting and disclosure requirements of the Companies Act 2006 and of the accounting standards issued or adopted by the Accounting Standards Board, so far as those requirements are appropriate. The accounts direction is reproduced as an appendix to these financial statements.

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention modified to account for the revaluation of fixed assets, at their value to the Charity Commission for Northern Ireland by reference to their current costs.

1.2 Financing

In accordance with the amendments to FReM, Grant in Aid has been treated as Financing and had been credited directly to the Income and Expenditure Reserve. Capital Grant in Aid has been credited to the Income and Expenditure Reserve.

1.3 Property, plant and equipment

Expenditure on property, plant and equipment of £1,000 or more is capitalised. On initial recognition, assets are measured at cost including any costs attributable to bringing them into working condition. Individual assets may be grouped together where deemed significant.

1.4 Intangible assets

Expenditure on intangible assets, which are primarily the Commission's database and the associated costs of implementation, is capitalised where the cost is £1,000 or more.

1.5 Depreciation

Non-current assets, with the exception of leased assets, are depreciated on a straight line basis in order to write off the cost, less estimated residual value of each asset over its expected useful life at the following rates.

Furniture, fixtures and fittings	20% per annum
Equipment	25% per annum
Information technology	25% per annum
Charity Commission database	10% per annum
Leased equipment	Period of Lease
Buildings under lease	Period of Lease
Leasehold improvements	Period of Lease

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as non current assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in current liabilities net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period. Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Impairments

The value of non-current assets is reviewed at the end of each full financial year after acquisition for evidence of reduction in value. Where impairment is identified that is attributable to the clear consumption of economic benefit, the loss is charged to the Statement of Comprehensive Net Expenditure. Impairment reviews will also take place in other periods if events or changes in circumstances occur which indicate that the carrying values may not be recoverable.

1.8 Foreign currencies

There were no foreign currencies purchased during 2013-14. Any monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. Translation differences are dealt with in the Statement of Comprehensive Net Expenditure.

1.9 Value added tax

All items in these financial statements are inclusive of VAT, which is not recoverable.

1.10 Staff costs

Under IAS 19 Employee Benefits legislation, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. The cost of untaken leave has been determined using data from electronic leave records.

1.11 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pensions Scheme (Northern Ireland) (PCSPS) (NI). Detailed information of pensions can be found in the Remuneration Report and in the Notes to the accounts.

1.12 Accounting estimates

No material accounting estimates or judgements were made by the Commission in preparing these accounts.

1.13 Financial instruments

The Commission does not hold any complex financial instruments. The only financial instruments in the accounts are receivables and payables (Notes 8 and 10). Receivables are recognised initially at fair value less a provision for impairment. A provision for impairment is made when there is evidence that the Commission will be unable to collect an amount due in accordance with agreed terms.

1.14 Analysis of net expenditure by segment

The Charity Commission for Northern Ireland has one purpose, and as such is considered to have only one operating segment. All income, expenditure, assets and liabilities relate to the Commission's sole activity.

1.15 Accounting standards, interpretations and amendments to published standards adopted to the year ended 31 March 2014

The Commission has reviewed the standards, interpretations and amendments to published standards that became effective during 2013-14 and which are relevant to its operations. The Commission anticipates that the adoption of these standards will have no material impact on the Commission's financial position or results of operations.

1.16 Accounting standards, interpretations and amendments to published standards not yet effective

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Commission's accounting periods beginning on or after 1 April 2013, but which the Commission has not adopted early. The Commission does not anticipate that the adoption of these standards will have a material impact on its accounts in the period of initial application.

1.17 General reserve

The general reserves of the Commission represent the net of its total assets and total liabilities at the Statement of Financial Position date. The non-current assets of the Commission have been funded through Grant in Aid and capitalised in accordance with the policies set out under notes 1.3 and 1.4. The current assets and liabilities are a result of receivables, cash and payables arising due to the timing of invoices received and payments made as at 31 March 2014. The reserves of the Commission are non-distributable.

1.18 Revaluation reserve

All property, plant and equipment and intangible assets are carried at fair value and any revaluation of assets are taken to the Revaluation reserve. The Commission's assets are revalued annually on the basis of appropriate indices from the Office for National Statistics.

2. Staff numbers and related costs

2(a) Staff costs comprise:

	2013-14			2012-13
	Permanently employed staff	Others	Total	Total
	£	£	£	£
Wages and salaries	659,436	181,583	841,019	553,699
Social security costs	47,540	-	47,540	35,471
Other pension costs	106,857	-	106,857	103,556
Total Staff Costs	813,833	181,583	995,416	692,726

During 2013-14 the Commission continued the employment of its permanent staff complement and provision of pension benefits through membership of the Principal Civil Service Pension Scheme (NI) to the Chief Executive and staff. The permanent costs above include staff seconded from the Department for Social Development (DSD), for part of the year. Other staff costs relate to temporary agency staff employed within the Commission during 2013-14.

2(b) Commissioners' costs comprise:

	2013-14			2012-13
	Permanently employed staff	Others	Total	Total
	£	£	£	£
Commissioners' remuneration	19,921	-	19,921	16,000

2(c) Average number of persons employed

The average number of whole-time equivalent persons (including senior management but excluding Charity Commissioners) employed during the year was as follows:

	2013-14			2012-13
	Permanently employed staff	Others	Total	Total
Directly employed	26	6	32	17

2(d) Pension

The Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS)(NI) is an unfunded multi-employer defined benefit scheme but the Commission is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2010. The pension scheme liability reported in the DFP Superannuation and Other Allowance Resource Accounts last year was as at 31 March 2010. However, work is ongoing to provide a report on an updated valuation as at 31 March 2012 for the basis of the actuarial valuation rolled forward to the reporting date of the DFP Superannuation and Other Allowance Resource Accounts for 2014.

For 2013-14, employer's contributions of £106,857 were payable to the PCSPS(NI) (2012-13 £103,556) at rates in the range 18% to 23.5% of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. A new valuation scheme based on data as at 31 March 2012 is currently being undertaken by the actuary to review employer contribution rates for the introduction of a new career average earning scheme from April 2015. For 2014-15 the rates will remain in the range 18% to 23.5%. The contribution rates are set to meet the cost of the benefits accruing during 2013-14 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, which is a stakeholder pension with an employer contribution. Employer's contributions of £10,940 (2012-13 £2,789) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 6.5% to 13% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, the Commission's employer contributions of £907, 0.8% (2012-13 £236, 0.8%) of pensionable pay, were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees contributions due to the partnership pension providers at the balance sheet date were £nil. Contributions prepaid at that date were £nil.

3. Other expenditure

	2013-14	2012-13
	£	£
Commission costs:		
Rent and service charges	34,093	33,138
Rates	9,308	9,301
Maintenance and repairs	9,005	5,018
Cleaning	5,980	5,913
Telephone and postage	16,056	11,669
Heat, light and power	5,948	5,622
IT support	17,344	7,900
Stationery and consumables	8,551	14,795
Publicity, printing and advertising	12,786	15,687
Staff/Commissioners training	19,688	11,686
Travel and subsistence	12,727	10,058
Conference fees	5,345	2,052
Recruitment costs	14,554	9,402
Events and hospitality	3,150	2,679
Software support	-	1,255
Legal and professional fees	70,556	29,038
Miscellaneous expenses	23	20
Membership and licence fees	5,553	3,758
Commission library costs	3,132	2,103
Charity register maintenance	52,830	63,960
Minor equipment	4,305	4,634
Computer software	230	405
Communication and research costs	11,697	11,258
Total	322,861	261,351
Non-cash items		
Depreciation	64,952	55,796
	387,813	317,147

4. Notional costs

	2013-14	2012-13
	£	£
Notional costs incurred during the year relate to:		
Audit fee	9,697	9,853
Internal audit fee	4,608	4,379
	14,305	14,232

During the year the Commission purchased no non-audit services from its auditor, the NIAO, and the notional cost above relates to the audit of the financial statements.

5. Property, plant and equipment

2013-14	Buildings £	Furniture & fittings £	Information technology £	Total £
Cost or valuation				
At 31 March 2013	125,779	31,340	25,760	182,879
Additions	16,800	8,745	14,461	40,006
Revaluations	(7,707)	(2,167)	(3,396)	(13,270)
At 31 March 2014	134,872	37,918	36,825	209,615
Depreciation				
At 31 March 2013	36,767	8,880	12,729	58,376
Charged in year	27,677	7,377	6,137	41,191
Revaluations	(3,484)	(879)	(1,593)	(5,956)
At 31 March 2014	60,960	15,378	17,273	93,611
Net book value at 31 March 2014	73,912	22,540	19,552	116,004
Net book value at 31 March 2013	89,012	22,460	13,031	124,503
2012-13	Buildings £	Furniture & fittings £	Information technology £	Total £
Cost or valuation				
At 31 March 2012	123,626	30,804	22,656	177,086
Revaluations	2,153	536	3,104	5,793
At 31 March 2013	125,779	31,340	25,760	182,879
Depreciation				
At 31 March 2012	10,731	2,567	6,718	20,016
Charged in year	25,407	6,161	4,477	36,045
Revaluations	629	152	1,534	2,315
At 31 March 2013	36,767	8,880	12,729	58,376
Net book value at 31 March 2013	89,012	22,460	13,031	124,503
Net book value at 31 March 2012	112,895	28,237	15,938	157,070

The Commission owns all assets and has no finance leases or PFI contracts.

The Commission's assets are re-valued annually on the basis of appropriate indices from the Office for National Statistics.

6. Intangible assets

Intangible assets represent the Integrated IT system in the Commission to facilitate the registration of charities. The Integrated IT system comprises the Commission's registration database, a Customer Relationship Management (CRM) facility, a new website and the associated costs of implementation. The Commission's Charity Register Database was brought into use in June 2011. Legislation amending the registration requirements was put in place in January 2013, registration was piloted from July 2013 and went fully 'live' in December 2013. The CRM aspect, including workflows system remains under development as at 31 March 2014 and as a result has not been amortised in the 2013-14 financial year. At the year end it was in development user testing, with plans to be operational in the 2014-15 financial year. Other workflows will also be developed in the 2014-15 financial year. The new website will be developed and go 'live' in the 2014-15 financial year.

2013-14	Database	CRM	Total £
Cost or valuation			
At 1 April 2013	237,607	-	237,607
Additions	-	204,033	204,033
Revaluation	(20,065)	-	(20,065)
At 31 March 2014	217,542	204,033	421,575
Amortisation			
At 1 April 2013	40,137	-	40,137
Charged in year	23,761	-	23,761
Revaluation	(5,397)	-	(5,397)
At 31 March 2014	58,501	-	58,501
Net book value at 31 March 2014	159,041	204,033	363,074
Net book value at 31 March 2013	197,470	-	197,470
2012-13			
Cost or valuation			
At 1 April 2012	196,475	-	196,475
Additions	12,502	-	12,502
Revaluation	28,630	-	28,630
At 31 March 2013	237,607	-	237,607
Amortisation			
At 1 April 2012	15,550	-	15,550
Charged in year	19,751	-	19,751
Revaluation	4,836	-	4,836
At 31 March 2013	40,137	-	40,137
Net book value at 31 March 2013	197,470	-	197,470
Net book value at 31 March 2012	180,925	-	180,925

7. Financial instruments

As the cash requirements of the Charity Commission for Northern Ireland are met through Grant in Aid provided by the Department for Social Development, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Commission's expected purchase and usage requirements and the Commission is therefore exposed to little credit, liquidity or market risk.

8. Trade and other receivables

	2013-14	2012-13
	£	£
Amounts falling due within one year:		
Prepayments and accrued income	16,153	6,073
Other receivables	2,714	5,498
Total	18,867	11,571

In September 2012, when the pension scheme began for the organisation, the Commission gained approval to pay employee backdated pension contributions on behalf of its staff. A repayment schedule was agreed and part of the other receivables balance above relates to those staff loans still owing to the Commission at the year end. During 2013-14 an employee received a salary overpayment. A repayment schedule was agreed and the balance still owing is included in other receivables at the year end. Details of the outstanding amounts are included in Note 13, Related party transactions.

9. Cash and cash equivalents

	2013-14	2012-13
	£	£
Balance at 1 April	31,904	36,914
Net change in cash and cash equivalent balances	143,079	(5,010)
Balance at 31 March	174,983	31,904

The following balances at 31 March were held at:

Commercial banks and cash in hand	174,983	31,904
Balance at 31 March	174,983	31,904

10.1 Trade and other payables

	2013-14	2012-13
	£	£
Amounts falling due within one year:		
Trade payables	-	1,255
Capital payables	129,690	1,322
Pension		
Other Tax and Social Security	17,209	21,455
	-	12,186
Accruals and deferred income	101,896	51,820
	248,795	88,038

10.2 Public Sector Payment Policy – Measure of Compliance

The Department requires that the Commission pay their non Commission Trade Creditors in accordance with the Account NI Prompt Payment Code and Government Accounting Rules. The Commission's payment policy is consistent with the Accounts NI Prompt Payment codes and Government Accounting rules and its measure of compliance for invoices paid 1 April 2013 to 31 March 2014.

		2013-14		2012-13
Total invoices in accounting period	838		585	
Invoices paid within 10 days	813	97.0%	576	98.5%
Invoices paid 10 - 30 days	25	3.0%	9	1.5%
Invoices paid over 30 days	0	0	0	0

11. Commitments under leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2013-14	2012-13
	£	£
Buildings		
Not later than one year	34,093	34,093
Later than one year and not later than five years	51,140	85,233
Later than five years	-	-
Total	85,233	119,326

	2013-14	2012-13
	£	£
Other		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	-	-

The Charity Commission for Northern Ireland had no commitments under finance leases at the statement of financial position date (2013: £nil).

12. Capital commitments

The Charity Commission for Northern Ireland has capital commitments at 31 March 2014 not otherwise included in these financial statements as follow:

	2013-14	2012-13
	£	£
Property, plant and equipment	-	-
Intangible assets	49,000	-
Total	49,000	-

13. Related party transactions

The Charity Commission for Northern Ireland is a Non-Departmental Public Body (NDPB) sponsored by the Department for Social Development (DSD).

DSD is regarded as a related party. During the year the Commission had a number of material transactions with the Department. In addition, the Commission had a small number of material transactions with other government departments and other central government bodies.

The Commission received grants of £1,571,856 from the sponsor department. The Commission also paid £71,466 to DSD during 2013-14 for seconded staff members.

During the 2013-14 financial year the only other Related party transactions the Commission had with its staff was a staff loan scheme relating to employee pension backdated payments. The loans were necessary due to the delay in agreeing a pension scheme for employees and the outstanding contributions that had accrued as a result. The scheme included amounts to the Senior Management Team (SMT) and other

employees. During the year £16,842 was loaned by the Commission and at 31 March 2014 there remained £4,960 outstanding to be paid. During 2013-14 an employee received £2,268 salary overpayment and as at 31 March 2014 there remained £1,060 outstanding to be paid.

None of the Commissioners have undertaken any material transactions with the Commission in the financial year.

14. Contingent liabilities

The Charity Commission for Northern Ireland had no contingent liabilities at 31 March 2014 (2013: £nil).

15. Losses and special payments

The Charity Commission for Northern Ireland has experienced no losses and has made no special payments during the financial year.

16. Events after the reporting period

There were no events after the reporting period, as defined by IAS 10, between the statement of financial position date and the date the accounts were signed. The accounts were authorised for issue on 4 June 2014.

ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT FOR SOCIAL DEVELOPMENT, WITH THE APPROVAL OF THE DEPARTMENT OF FINANCE AND PERSONNEL, IN ACCORDANCE WITH SCHEDULE 1 SECTION 8(2) OF THE CHARITIES ACT (NI) 2008

1. This direction applies to the Charity Commission for Northern Ireland.
2. Charity Commission for Northern Ireland shall prepare accounts for the financial year ended 31 March 2014 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") which is in force for the financial year for which the accounts are being prepared, together with any additional disclosure or other requirements as agreed with the department. The accounting policies contained in the Government Financial Reporting Manual apply International Financial Reporting Standards as adapted or interpreted for the public sector context.
3. The accounts shall be prepared so as to:
 - (a) give a true and fair view of the state of affairs at 31 March 2014 and subsequent financial year-ends, and of the income and expenditure, total recognised gains and losses and cash flows for the financial year then ended; and
 - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the Assembly or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed with the Department for Social Development and the Department of Finance and Personnel.



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